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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Page 1 of 2

FISCAL DETAIL

Bill/Resolution No.: CSHB 168 (L&C)  
Title: Act relating to \_\_\_\_\_

Agency Affected: Commerce & Economic Dev.

Program Category Affected: \_\_\_\_\_

Construction Contractors; \_\_\_\_\_

Consumer Protection

Sponsor: Representative Sund

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Requestor: House Finance Committee

Date of Request: March 19, 1985

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		69.3	96.9	101.7	106.8	112.2
200 TRAVEL		13.8	15.7	16.5	17.3	18.2
300 CONTRACTUAL		22.8	23.9	25.1	26.4	27.7
400 SUPPLIES		2.7	3.8	4.0	4.2	4.4
500 EQUIPMENT		8.4	-0-	-0-	-0-	-0-
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		117.0	140.3	147.3	154.7	162.5
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND	117.0	140.3	147.3	154.7	162.5
FEDERAL FUNDS					
OTHER					
<b>TOTAL</b>	117.0	140.3	147.3	154.7	162.5

POSITIONS:

FULL-TIME	2.0	2.0	2.0	2.0	2.0
PART-TIME	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary

See page 2 Attached for analysis.

Prepared By: <sup>AFP</sup> Al Adams - Chairman  
Division: House Finance Committee

Phone: 465-3706

Date: March 19, 1985

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Current revenues generated by licensing fees charged construction contractors approximate \$436.7. HB 78 provides for additional revenues should costs exceed those presently incurred.

This note provides two positions, one in Anchorage and one in Fairbanks to implement the citation procedure. Existing Headquarters staff from Juneau will service Southeast.

COST ANALYSIS FY 86 - Variable costs.@ 9 months.

	<u>ANCHORAGE</u>	<u>FAIRBANKS</u>	<u>JUNEAU</u>
100	Investigator I - 28.0	Investigator III 41.3 <sup>(1)</sup>	-0-
200	3.8	5.0	5.0
300	7.0	9.8 (1)	6.0
400	0.9	0.9	0.9
500	4.2	4.2	-0-

(1) Fairbanks office stands alone, hence higher level investigator and cost of new office space.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: CS HB 168 (L&C)  
 Title: "An Act relating to construction contractors..."  
 Sponsor: Sund and Taylor  
 Requestor: House Finance  
 Date of Request: 3/14/85

FISCAL DETAIL

Agency Affected: Labor  
 Program Category Affected: Public Protection  
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety Wage and Hour Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

<b>GENERAL FUND</b>						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

<b>FULL-TIME</b>						
<b>PART-TIME</b>						
<b>TEMPORARY</b>						

ANALYSIS: Attach a separate page if necessary

Prepared By: <sup>18</sup> Robert J. Bacolas, Sr. Phone: 465-4870  
 Division: Labor Standards & Safety Date: 3/14/85

Approved by Commissioner: <sup>18</sup> Jim Robison Date: 3/14/85  
 Agency: Labor

- Distribution (by Agency preparing fiscal note):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

Offered: 2/25/85  
Referred: Judiciary and Finance

Original sponsors: Sund, Taylor  
and Boucher

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 168 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to construction contractors; and  
providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

\* Section 1. AS 08.18.011 is amended by adding a new subsection to  
read:

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(b) A general contractor may not allow a person required to be  
registered under this chapter to work for the general contractor as a  
specialty contractor unless the person is registered under this chap-  
ter.

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\* Sec. 2. AS 08.18.031 is amended by adding a new subsection to read:

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(b) The commissioner may not issue a certificate of registration  
or renew the registration of an applicant whose registration has been  
revoked or suspended or against whom a fine has been imposed under  
this chapter until the period of revocation or suspension has expired  
and any fine has been paid.

21

\* Sec. 3. AS 08.18.051 is amended to read:

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Sec. 08.18.051. IDENTIFICATION REQUIREMENTS [REGISTERED NAME].

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(a) Except as provided otherwise by [STATE] law, a [NO] person who  
has registered under one name as required by this chapter may not act  
in the capacity of a contractor under any other name unless that name  
also is registered.

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(b) All advertising, contracts, correspondence, cards, signs,  
posters, papers and documents prepared by a contractor for the con-  
tracting business shall [WHICH] show the contractor's name, mailing

1 [AND] address, and address of the contractor's principal place of  
2 business. Advertising and contracts shall also include the contrac-  
3 tor's registration number [SHALL SHOW THE NAME AND ADDRESS AS REGIS-  
4 TERED UNDER THIS CHAPTER].

5 (c) Individual contractors and partners, associates, agents,  
6 salesmen, solicitors, officers and employees of contractors shall use  
7 their true names and addresses and the true name of the contractor  
8 firm at all times while acting in the capacity of a contractor or  
9 performing related activities.

10 \* Sec. 4. AS 08.18.071(b) is amended to read:

11 (b) If the applicant is a general contractor the amount of the  
12 bond shall be \$10,000 [\$5,000]; if the applicant is a specialty con-  
13 tractor the amount of the bond shall be \$5,000 [\$2,000]. In lieu of  
14 the surety bond the applicant may file with the commissioner a cash  
15 deposit or other negotiable security acceptable to the commissioner  
16 [OF COMMERCE,] in the amount specified for bonds.

17 \* Sec. 5. AS 08.18 is amended by adding new sections to article 3 to  
18 read:

19 Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
20 merce and Economic Development or the Department of Labor may investi-  
21 gate alleged or apparent violations of this chapter. These depart-  
22 ments, upon showing proper credentials, may enter, during regular  
23 hours of work, a construction site at which it appears that contract-  
24 ing work is being done. The departments may make inquiries about the  
25 identity of the contractor or the person acting in the capacity of a  
26 contractor. Upon demand, a contractor or person acting in the capac-  
27 ity of a contractor or that person's representative, shall produce  
28 evidence of current registration.

29 Sec. 08.18.117. ISSUANCE OF CITATIONS. Either the Department of

*Handwritten notes:*  
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1 Commerce and Economic Development or the Department of Labor may issue  
2 a citation for a violation if there is probable cause to believe a  
3 person has violated this chapter. Each day a violation continues  
4 after a citation for the violation has been issued constitutes a  
5 separate violation.

6 Sec. 08.18.118. PROCEDURE AND FORM OF CITATION ISSUANCE AND  
7 PROCEDURE. (a) A citation issued under this chapter shall be in  
8 writing. A person receiving the citation is not required to sign a  
9 notice to appear in court.

10 (b) The time specified in the notice to appear on a citation  
11 issued under this chapter shall be at least five days, not including  
12 weekends and holidays. after the issuance of the citation, unless the  
13 person cited requests an earlier hearing.

14 (c) The Department of Commerce and Economic Development and the  
15 Department of Labor are responsible for the issuance of books contain-  
16 ing appropriate citations, and each shall maintain a record of each  
17 book issued and each citation contained in it. Each department shall  
18 require and retain a receipt for every book issued to an employee of  
19 the department designated by the commissioner to provide investigative  
20 services to enforce provisions of this chapter.

21 (d) An employee who issues a citation under this chapter shall  
22 deposit the original or a copy of the citation with a court having  
23 jurisdiction over the alleged offense. Upon its deposit with the  
24 court, the citation may be disposed of only by trial in the court or  
25 other official action taken by the magistrate, judge, or prosecutor.  
26 The employee who issued the citation may not dispose of it or copies  
27 of it or of the record of its issuance except as required under this  
28 subsection and (e) of this section.

29 (e) The Department of Commerce and Economic Development and the

1 Department of Labor shall require the return of a copy of every cita-  
2 tion issued by an employee of the respective department under this  
3 chapter, and of all copies of every citation that has been spoiled or  
4 upon which an entry has been made and not issued to an alleged viola-  
5 tor. The departments shall also maintain, in connection with every  
6 citation issued by an employee of the respective department, a record  
7 of the disposition of the charge by the court where the original or  
8 copy of the citation was deposited.

9 (f) If the form of citation issued under this chapter includes  
10 the essential facts constituting the offense charged, and if the  
11 citation is sworn to as required under the laws of this state for a  
12 complaint charging commission of the offense alleged in the citation,  
13 then the citation when filed with a court having jurisdiction is  
14 considered to be a lawful complaint for the purpose of prosecution.

15 Sec. 08.18.119. FAILURE TO OBEY CITATION. Unless the citation  
16 has been voided or otherwise dismissed by the magistrate, judge, or  
17 prosecutor, a person who without lawful justification or excuse fails  
18 to appear in court to answer a citation issued under this chapter, re-  
19 gardless of the disposition of the charge for which the citation was  
20 issued, is guilty of a class B misdemeanor.

21 \* Sec. 6. AS 08.18.121(f) is amended to read:

22 (f) If the Department [COMMISSIONER] of Labor or the Department  
23 of Commerce and Economic Development [LABOR] determines that a con-  
24 tractor or a person [IS] acting in the capacity of [AS] a contractor,  
25 is in violation of this chapter, that department may [THE COMMISSIONER  
26 SHALL] give written notice to the person prohibiting further action by  
27 the person as a contractor. The prohibition continues until the  
28 person has submitted evidence acceptable to that department [THE  
29 COMMISSIONER OF LABOR] showing that the violation has been corrected.

1 \* Sec. 7. AS 08.18.121(g) is amended to read:

2 (g) A person affected by an order issued under this chapter may  
3 seek equitable relief preventing the Department of Labor or the  
4 Department of Commerce and Economic Development [COMMISSIONER OF  
5 LABOR] from enforcing the order.

6 \* Sec. 8. AS 08.18.131 is amended to read:

7 Sec. 08.18.131. ~~INJUNCTION~~ In an action instituted in the  
8 superior court by the commissioner [OF LABOR OR THE COMMISSIONER'S  
9 REPRESENTATIVE], a person may be enjoined from acting in the capacity  
10 of a contractor in violation of this chapter [MAY BE ENJOINED FROM  
11 DOING SO]. In addition to other relief, a civil penalty not to exceed  
12 \$250 may be imposed for each violation. Each day that an unlawful act  
13 continues constitutes a separate violation.

14 \* Sec. 9. AS 08.18.141 is amended to read:

15 Sec. 08.18.141. MISDEMEANOR. (a) A contractor or a person  
16 acting in the capacity of a contractor in violation of AS 08.18.011  
17 [THIS CHAPTER] is guilty of a class B misdemeanor. A person who  
18 violates another provision of this chapter is guilty of a violation  
19 punishable under AS 12.

20 (b) Criminal prosecution for a violation of this chapter does  
21 not preclude the Department of Commerce and Economic Development or  
22 the Department of Labor from seeking available civil remedies.

23 \* Sec. 10. AS 08.18.171 is amended by adding a new paragraph to read:

24 (4) "department" means the Department of Commerce and  
25 Economic Development, unless the context indicates otherwise.

26 \* Sec. 11. Sections 1, 2 and 4 - 10 of this Act take effect July 1,  
27 1985.

28 \* Sec. 12. Section 3 of this Act takes effect July 1, 1986.

29 \* Sec. 13. Section 4 of this Act applies to general contractor and

*Amend -  
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1 specialty contractor licenses that are issued or renewed by the Department  
2 of Commerce and Economic Development after July 1, 1985.

Original sponsors: Sund, Taylor  
and Boucher

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IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 168 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to construction contractors; and  
providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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6 \* Sec. 8. AS 08.18.131 is amended to read:

7 Sec. 08.18.131. INJUNCTION. In an action instituted in the  
8 superior court by the commissioner of labor or the commissioner of  
9 commerce and economic development, the court may enjoin [COMMIS-  
10 SIONER'S REPRESENTATIVE,] a person from acting in the capacity of a  
11 contractor in violation of this chapter. In addition to other relief,  
12 the court may impose a civil penalty of not more than \$250 for each  
13 violation. Each day that an unlawful act continues constitutes a  
14 separate violation [MAY BE ENJOINED FROM DOING SO].

15 \* Sec. 9. AS 08.18.141 is amended to read:

16 Sec. 08.18.141. MISDEMEANOR. (a) A contractor or a person  
17 acting in the capacity of a contractor in violation of AS 08.18.011  
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19 violates another provision of this chapter is guilty of a violation  
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21 (b) Criminal prosecution for a violation of this chapter does  
22 not preclude the Department of Commerce and Economic Development or  
23 the Department of Labor from seeking available civil remedies.

24 \* Sec. 10. AS 08.18.171 is amended by adding a new paragraph to read:

25 (4) "department" means the Department of Commerce and  
26 Economic Development, unless the context indicates otherwise.

27 \* Sec. 11. Sections 1, 2 and 4 - 10 of this Act take effect July 1,  
28 1985.

29 \* Sec. 12. Section 3 of this Act takes effect July 1, 1986.

1           \* Sec. 13. Section 4 of this Act applies to general contractor and  
2 specialty contractor licenses that are issued or renewed by the Department  
3 of Commerce and Economic Development after July 1, 1985.  
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Chairman's Information:

1) CSHB 168 (L&C) "An act relating to construction contractors; and providing for an effective date."

a) Introduced: Sund

b) Co-Sponsors: Taylor and Boucher

2) INTENT: To better protect the public from unlicensed and unbonded construction contractors. The bill increases the bonding requirements for general and special contractors, provides for the issuance of citations, and the assessment of civil penalties. Further, this legislation enhances the Department of Labor's enforcement authority and provides such authority to DCED so they can work in concert.

FISCAL NOTE: 117.0 FY86 for DCED; House letter of intent establishes that the fiscal note is to be shared between Dept of Labor and DCED;

Note: NEED TO ADOPT HOUSE LETTER OF INTENT

3) ADDITIONAL REFERRALS: Judiciary and Finance.

4) PUBLIC HEARINGS:

a) Sponsor:

b) Public witnesses:

5) BILL ACTION:

a) Hold in committee?

b) Assign to sub committee for further review?

c) Move from Committee?

d) close public hearings?

6) COMMITTEE ACTION:

a) amendments?

b) CS adoption?

→ L&C SCB CONTAINS CHANGES  
ON PAGE 5; LINES 8-10; DESIGNATES  
BOTH COMMISSIONERS OF LABOR & DCED TO  
INSTITUTE INJUNCTIONS IN SUPERIOR COURT  
AND MAKES GRAMMATICAL CHANGES WHICH  
PUTS SECTION IN THE "ACTIVE VOICE"

HOUSE JOURNAL

House Finance Committee  
Letter of Intent  
for  
CSHB 168 (Labor and Commerce)

This bill intends to expand the enforcement authority over contractors by both the Department of Labor and the Department of Commerce and Economic Development. It is the intent that funds provided by the fiscal note be shared by both departments taking into account existing enforcement personnel, capabilities, and office locations.



---

Al Adams, Chairman  
House Finance Committee



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

February 20, 1985

MEMORANDUM

TO: Representative John Sund

FROM: Nancy Pease *Nancy Pease*  
Legislative Analyst

RE: Licensing and Bonding of Contractors: Update  
Research Request 85-180

Kitty Rodriguez of your staff requested an update of Research Request 83-251, "Licensing and Bonding of Contractors in Other States." I have contacted each of the eight states originally surveyed and amended the summary table accordingly (see attachment).

Licensing requirements do not appear to have changed in the eight states surveyed. Of the eight states surveyed, only Ohio has no state licensing or bonding requirements for contractors. However, Ohio counties and municipalities may license and bond contractors. Michigan and Oregon license general and specialty contractors for residential construction but not for commercial construction. Idaho and Montana contractors must be state-licensed in order to bid for public works contracts let by the state, federal or local governments but not for contracts with the private sector. Several states exempt contractors from obtaining licenses for jobs below a designated cost limit. California waives contractor licensing requirements for jobs costing less than \$200 while Montana waives licensing requirements for public works jobs costing less than \$5,000.

As noted in the earlier memorandum, licensing requirements vary considerably from trade to trade and state to state. Several states, including Alaska, Washington and Oregon, register as contractors persons who are not personally qualified in skilled trades for which they will be contracting. These contractors may be required to hire or subcontract a qualified, licensed specialty tradesman as a condition of the contracting license. Alaska, Washington and Oregon require contracting license applicants to provide proof of liability insurance in addition to a surety bond or assignment of savings. In Alaska and Washington, applicants must carry a minimum coverage of \$20,000 for property damage and \$100,000 for personal injury to more than one person.

Representative Sund  
February 20, 1985  
Page 2

The summary table shows several changes in bond requirements. Washington has increased the amount of the bonds required of general and specialty construction contractors. Oregon now requires a \$5,000 bond for all residential contractors; previously the bond amount varied for general and specialty contracting. Michigan no longer requires a \$2,000 bond for specialty contractors but does require a \$50 deposit to the Construction Lien Recovery Fund for each specialty trade contractor practices. Michigan also requires a \$1,000 bond before licensing nonresident electricians.

I hope this information is helpful. If you have further questions, please let us know.

NP

Attachments

LICENSING AND BONDING OF CONTRACTORS IN NINE STATES

	<u>Electrical work</u>	<u>Plumbing</u>	<u>General Building Contracting</u>	<u>Specialty Contracting</u>
Alaska <sup>1,2</sup>	license bond (\$2,000)	license bond (\$2,000)	license bond (\$5,000)	license bond (\$2,000)
California <sup>3,4</sup>	license bond (\$5,000)	license bond (\$5,000)	license bond (\$5,000)	license bond (\$5,000)
Colorado	license ---	license ---	--- ---	--- ---
Idaho	license ---	license bond (\$2,000)	license for public works ---	license for public works ---
Michigan <sup>5</sup>	license bond (\$50 or \$1,000)	license ---	license for residential constr. ---	license for residential constr. bond (\$50)
Montana <sup>6</sup>	license ---	license ---	license for public works ---	license for public works ---
Ohio	--- ---	--- ---	--- ---	--- ---
Oregon <sup>1,7</sup>	license bond for residential constr. (\$5,000)	license bond for residential constr. (\$5,000)	license for residential constr. bond (\$5,000)	license for residential constr. bond (\$5,000)
Washington <sup>1,8</sup>	license bond (\$3,000)	license bond as general contractor (\$6,000)	license bond (\$6,000)	license bond (\$4,000)

Footnotes: See Next Page

## FOOTNOTES

<sup>1</sup>Applicants for contracting licenses must provide proof of liability insurance. In Washington and Alaska, applicants must carry a minimum of \$20,000 for property damage and \$100,000 for personal injury or death of more than one person.

<sup>2</sup>AS 8.18.171 defines "general contractor" as a contractor whose business operations require the use of more than two distinct trades whose work the general contractor superintends; the terms "general contractor" and "builder" are synonymous: a "specialty contractor" is a contractor whose operations do not fall within the definition of "general contractor". Contractors are persons who undertake or bid for projects to construct, alter, repair, move or demolish a building, highway, road, railroad, or a type of fixed structure, including excavation, site development and erection of scaffolds.

<sup>3</sup>No contracting license is required for projects costing less than \$200. A bond of three to ten times this amount is required for the licensing of applicants who have been a party to business infractions resulting in the revocation of their own or other contractors' licenses. Swimming pool contractors must post a bond of \$10,000.

<sup>4</sup>If the responsible managing employee of a construction firm does not himself own at least 20 percent of the firm, the managing employee may be required to post a \$5,000 "qualifying individual" bond in addition to the \$5,000 licensing bond.

<sup>5</sup>The bond takes the form of a Deposit to the Homeowners Construction Lien Recovery Fund. The amount of the bond is usually \$50. Michigan requires a \$1,000 bond before licensing nonresident electricians.

<sup>6</sup>No contracting license is required for public works projects costing under \$5,000.

<sup>7</sup>Bonds are required for residential construction (building projects of up to four residential units). All construction trades satisfy the bond requirement for residential construction through the Builders Board.

<sup>8</sup>Washington plumbers must post bonds and apply for contracting licenses as general contractors if they let bids, supervise workers or perform more than two specialty trades.

Prepared by House Research Agency, February 1985.

February 18, 1985

SUMMARY OF CONSUMER COMPLAINTS  
INVOLVING CONTRACTOR DISPUTES  
Received by the Consumer Protection Section  
Department of Law

Fiscal year 1984

We received a total of 136 consumer complaints in FY 84 that involved a contractor or specialty contractor. Six of those consumer complaint files are still pending in our section.

We recovered a total of \$15,423.30 for consumers on these complaints. We estimate that we recover only about 10% to 20% of the money consumers claim is due them in these types of complaints, so that the amount actually claimed as consumer loss is estimated to have been approximately \$75,000 - \$150,000. Because of our questionable jurisdiction over real property transactions we believe many consumers do not file complaints with our office who otherwise would. Our overall recovery rate on all types of consumer complaints is near 50%.

Fiscal year 1985

To date in FY 85 we have received 114 consumer complaints and have recovered \$15,448.31 for consumers. Of the 114 complaints filed in FY 85, 41 are still pending. We estimate the total value of these 114 claims as \$60,000 - \$100,000 on the same basis as explained in the FY 84 summary.

Background Info.

March 28, 1985

HB168- An act relating to construction contractors and providing for an effective date.

OVERVIEW prepared by Rep. John Sund's office

#### HISTORY OF THE BILL

As the law now stands, anyone wishing to work as contractor must have a license. General contractors must have a \$5,000 bond and specialty contractors must have a \$2,000 bond.

Little protection is provided to the consumer who receives shoddy work from an unlicensed contractor. He is likely to find that the contractor has left the state and did not post a bond. Also, an unlicensed contractor who does not comply with the law can operate more cheaply and is likely to outbid a licensed contractor.

Enforcement is the job of the Department of Commerce and Economic Development. However, enforcement has been lax for two reasons:

- 1) a lack of enforcement powers. Cease and desist orders can be issued to a contractor who does not have proper bonding or a license, but criminal prosecution is rare.
- 2) a lack of personnel. Once a cease and desist order has been issued, the investigator might not return to the site until work has been completed and the contractor has left. The department is not able to effectively monitor contractors at their current staffing level.

HB610, introduced in 1984, began as a vehicle for creating a Board of Builders and, as CSHB610, focused on changes which were substantially similar to HB168. It passed the House with a vote of 34 yeas and 6 nays and was left in the Senate upon adjournment.

#### PURPOSE OF THE BILL

Under CSHB168, a general contractor must post a \$10,000 bond and a specialty contractor must post a \$5,000 bond. This essentially doubles the current level required and will allow more adequate compensation for unacceptable work, since the licensing procedure in itself does not guarantee competency.

A contractor must show his registration number in all ads. This is intended to heighten consumer awareness of licensing and bonding requirements when choosing a contractor.

The Department of Commerce and Economic Development and the Department of Labor will have citation authority. They will have the authority to enter work sites to inspect licenses. Working without a license will be a Class B misdemeanor.

A \$117,000 fiscal note provide 2 Investigator positions, in Anchorage and Fairbanks, and travel monies for two already existent Juneau positions, to enforce contractor requirements. These provisions will strengthen the enforcement of current regulations.

Bill No. Committee Substitute for House Bill No. 168 (L&C) Date

March 29, 1985

Title "An Act relating to construction contractors; and providing for an effective date."

Contact: Eileen Plate  
465-2700  
Robert J. Bacolas  
465-4870

APR 1 5

Committee Substitute for House Bill No. 168 seeks to strengthen the contractor licensing enforcement powers of the Department of Labor and the Department of Commerce and Economic Development.

Currently, the Department of Commerce is responsible for the registration of construction contractors, with enforcement being provided by the Department of Labor. The Department of Labor's enforcement is primarily carried out in connection with other inspection/enforcement responsibilities (mechanical inspections, occupational safety and health inspections, and wage and hour investigations). This bill extends enforcement authority to the Department of Commerce in order that it may focus on residential construction and other areas where the Department of Labor is not highly visible. This would bridge the gap that presently exists in contractor licensing enforcement.


In addition, this bill increases the bonding requirements for both general and specialty contractors, and provides for the issuance of citations, the assessment of civil penalties, and the imposition of injunctive relief for violations of the contractor licensing laws.

The provisions of this bill are designed to combat the proliferation of unlicensed contractors in the state in order to better protect the public from unlicensed and unbonded construction contractors.

A section-by-section analysis of this bill is attached.

The Department of Labor supports passage of this bill. It will not have a fiscal impact on the Department.

APPROVED:

  
\_\_\_\_\_  
Jim Robison, Commissioner  
Department of Labor

CSHB 168 (L & C): An Act relating to Construction Contractors; and providing for an effective date.

The Department of Commerce and Economic Development supports CSHB 168 (L & C).

The committee substitute provides the Department of Commerce and Economic Development and the Department of Labor the authority to enforce unlicensed activity with a strong citation program.

Unlicensed activity in the area of construction contractors has been a rapidly growing problem. A joint effort by the departments will strengthen enforcement ability.

The bill also increases bonding requirements and adds additional requirements to mandate that a contractor identify the principal place of business, mailing address and license number.

*Harry D. Treager*

Harry D. Treager, Director  
Division of Occupational Licensing

DATE: February 22, 1985

*Loren H. Lounsbury*

Loren H. Lounsbury, Commissioner  
Department of Commerce & Economic Development

DATE: 2/26/85



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### CSHB 168(L&C) Sectional Analysis:

- Section 1) Adds a new subsection which makes it unlawful for a general contractor to allow a specialty contractor to begin working for him, unless the specialty contractor is licensed.
- Section 2) Adds a new subsection which prohibits the commissioner of DCED from issuing a new or renewal registration to a contractor whose registration is currently revoked or suspended, or who has an outstanding fine imposed under this chapter.
- Section 3) Subsection (a) makes grammatical changes; subsection (b) and (c) add the principal place of business, the contractor's registration number, and the true name of the firm, to the list of items required in all advertising and contracts.
- Section 4) Increases the bond requirements for general contractors from \$5,000 to \$10,000, and increases the bond requirements for specialty contractors from \$2,000 to \$5,000.
- Section 5) Adds a new section which allows DCED and DOL the authority to investigate alleged violations of this chapter, to issue citations for violations, including the issuance of citations for each day a violation continues. This section also requires records of citations to be maintained by the commissioner, and that there be at least 5 days between the issuance of a citation and the notice to appear. A person failing to appear is guilty of a class "B" misdemeanor.
- Section 6&7) reflect the dual authority of DCED and DOL
- Section 8) Allows both the Commissioners of DCED and DOL to institute an injunctive proceeding in Superior court and impose a civil penalty not to exceed \$250 for each violation of this chapter.
- Section 9) Provides that an unlicensed contractor, or a general contractor who hires an unlicensed specialty contractor, is guilty of a class "B" misdemeanor (maximum 90 days jail/\$1,000 fine).

Further provides that criminal prosecution does not preclude the departments from seeking civil remedies as well.